

FISCAL NOTE

HB 2046 - SB 2143

March 31, 2005

SUMMARY OF BILL: Changes the effective date for the implementation of the Streamlined Sales Tax Agreement (SSTA) from July 1, 2005 to the date on which the U.S. Congress grants states specific authority to collect sales and use tax on remote sales.

ESTIMATED FISCAL IMPACT:

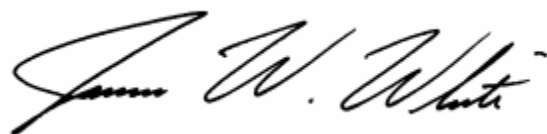
Other Fiscal Impact - Fiscal impact of this bill is dependent on when the U.S. Congress would grant states specific authority to collect sales and use tax on remote sales. To the extent, Congress grants authority to states on July 1, 2006, net local revenues foregone for FY06 would exceed \$33,300,000. In addition, state revenues foregone for FY06 would exceed \$24,400,000. With each passing fiscal year that Congress does not grant specific authority, the amount of foregone revenues for state and local governments would increase by up to 20% per fiscal year.

Assumptions:

- A study authored by the State of Washington was used to determine the voluntary compliance of non-nexus retailers.
- Fiscal impact of this bill is dependent on when the U.S. Congress grants states specific authority to collect sales and use tax on remote sales.
- There are numerous local impacts associated with making Tennessee conform to the SSTA.
- Given a July 1, 2008 effective date, net local revenues foregone would be as much as \$33.3 million, \$39.8 million, and \$49.8 million for FY06, FY07, and FY08 respectively.
- Given a July 1, 2008 effective date, state sales tax revenues foregone would be as much as \$24.4 million, \$30.2 million, and \$31.7 million for FY06, FY07, and FY08 respectively.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director